

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Southern California Edison Company (E 3338-E) for Authority to Institute a Rate Stabilization Plan with a Rate Increase and End of Rate Freeze Tariffs.

Application 00-11-038
(Filed November 16, 2000)

Emergency Application of Pacific Gas and Electric Company to Adopt a Rate Stabilization Plan.
(U 39 E)

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(Filed November 22, 2000)

Petition of THE UTILITY REFORM NETWORK for Modification of Resolution E-3527.

Application 00-10-028
(Filed October 17, 2000)

**PETITION OF THE CALIFORNIA ENERGY COMMISSION
FOR MODIFICATION OF DECISION 01-05-064
BY PROPOSING A REAL-TIME PRICING TARIFF**

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I. INTRODUCTION

Pursuant to Rule 47 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the California Energy Commission (CEC) files this Petition for Modification of Decision (D.) 01-05-064 (the Rate Design Phase of the Rate Stabilization Proceeding). This decision endorses the concept of real-time pricing (RTP) and orders a Commission Energy Division workshop on the issue for May 21, 2001.

The California Energy Commission (CEC) submits this Petition to Modify D. 01-05-064 to begin the immediate implementation of RTP. In that decision the

Commission recognized the benefits of RTP but deferred implementation because

The proposals presented by CEC and Dr. Borenstein at hearings were general in nature, did not include specific details necessary for implementation, and were based on the premise that the technical impediments listed above posed an effective barrier to implementing actual programs by June 1, 2001.¹

The Commission directed a workshop on May 21 to address implementation issues. Based on input from that meeting and further dialogue with the Energy Division, the utilities and various customer groups, the CEC has developed a pro forma tariff for Real-Time Pricing that allows utilities to begin billing RTP rates this summer using interval metering equipment and methods for posting real-time prices. Because the Commission said in D.01-05-064 that “one of the stated goals of this rate design is to encourage conservation to help Californians avoid, to the extent possible, rolling blackouts during the summer months”² and because RTP is recognized as perhaps the best rate design for inducing additional targeted conservation to avoid rolling blackouts, we request that the Commission consider this Petition and direct the utilities to file conforming RTP tariffs in the upcoming June meeting. Indeed, the Governor’s Office has asked CEC Commissioner Art Rosenfeld to chair an inter-agency RTP Committee, including the Commission, state Department of Water Resources/California Energy Resources Scheduling, and the Independent System Operator to ensure the rapid implementation of RTP to achieve these benefits.

¹ D.01-05-064, p. 55.

Accordingly, the CEC submits this filing concerning authorization of a real-time pricing (RTP) tariff to the Commission for its review and immediate adoption.

Given the energy conservation value of RTP, particularly with respect to reducing peak loads, a comparable petition is also being filed in the Interruptibles Proceeding, Rulemaking 00-10-002.

I.A Purpose

Authorization of an RTP tariff can be an important component of the state's approach to minimize the disruption and expenses resulting from involuntary rotating outages. As a result of legislation contained in AB29 X³ directing the CEC to fund RTP metering for end-users within California >200 kW peak load, the CEC finds itself in the unusual position of developing and advocating a voluntary RTP tariff that would utilize the RTP metering systems now beginning to be deployed in some utility service areas.

Due to the precarious balance of supply and demand in California during 2001, especially during summer peak demand circumstances, there is a critical need for additional load reduction during these peak conditions. The load reductions likely to result from implementation of the proposed tariff can be an important contribution to minimizing the need for involuntary, rotating outages to prevent system collapse.

The CEC requests an expedited approval process for this proposed RTP tariff. When the CPUC approves the pro forma tariff, we urge that the CPUC

² Id. at 56.

³ Chapter 8 of the First Extraordinary Session of 2001.

direct Pacific Gas and Electric (PG&E) and Southern California Edison (SCE) to file conforming tariffs via advice letter that would be effective the date filed.⁴ We anticipate that the CPUC can conduct an expedited review process, issue a proposed decision and direct filing of advice letters conveying conforming tariffs that would be effective in early July. This rapid action, not unusual in the context of the emergencies that exist in California, permits operation of an RTP program for the hottest part of the summer period.

I.B Background

On April 13, 2001, the CEC filed testimony in CPUC proceeding addressing A.00-11-038 *et al.* proposing a voluntary RTP tariff that would act as a supplement to the base tariff of any eligible customer. The CEC goal is to initiate RTP in California to reduce loads when the electrical power system is especially stressed and to simultaneously reduce market clearing prices. In D.01-05-064, the CPUC accepted the concept of a voluntary RTP tariff to be implemented in the summer of 2001 and directed parties to participate in a workshop to be hosted by the CPUC Energy Division.

The workshop directed by D.01-05-064 was held on May 21, 2001. The CEC contributed a proposed tariff as a point of departure for the workshop discussions. By contributing a fully fleshed out tariff, the CEC hoped parties

⁴ By oral ALJ Rulings in A.00-11-038 *et al.* and A.00-10-045 *et al.*, the development of an RTP tariff for SDG&E has been shifted to A.00-11-038 *et al.* Thus, while D.01-05-064 only directs SCE and PG&E to participate in the development of , or foreshadows adoption of, a voluntary RTP tariff, the CEC has worked with SDG&E in the development of this proposal. We anticipate, and fully expect, that the CPUC will adopt an RTP tariff for all three UDCs.

would provide useful comments and suggestions for change that would permit implementation as quickly as possible. Parties generally agreed to use the May 17, 2001 CEC Draft pro forma Tariff as a point of departure for further discussions. The principal issue that surfaced at the workshop was the ability of utility distribution companies (UDCs) to bill participants on a timely manner.

A separate Billing Working Group was formed to address the billing issues. Billing discussions were held on May 29, 2001 for PG&E and SDG&E, and on May 31, 2001 for SCE. As a result of those discussions, and review of extensive notes from those meetings about both billing issues and construction of customer baseline loads methodology, the CEC believes that billing is no longer an issue.

Numerous discussions have been held with various end-users and customer groups potentially interested in an RTP tariff. Clearly these potential participants are vitally interested in the reference loads from which actual measure loads form the basis for financial credits or charges. Further, these potential participants are also interested in interactions of the proposed RTP tariff and other demand responsiveness programs that have already been authorized by the CPUC, ISO or the state Department of Water Resources (DWR)/California Energy Resources Scheduling (CERS).

This RTP proposal incorporates changes discussed at the workshop, the Billing Working Group meetings, and subsequent discussions with many parties.

II. REAL-TIME PRICING PROGRAM

The RTP program submitted to the CPUC in this filing broadly conforms with the proposed RTP tariff proposed by the CEC in A.00-11-038 *et al.* and conceptually endorsed by the CPUC in D.01-05064.

II.A Basic Elements of RTP Tariff

There are several basic elements of the proposed RTP tariff that enable it to be adopted by the CPUC without revising the rate design decisions made in D.01-05-064 for PG&E or SCE. These are:

1. The tariff is a voluntary supplement to any base tariff;
2. There are no non-participant cost impacts on UDC rates;
3. The baseline load from which load responses to RTP incentives are measured is an accurate reflection of likely customer usage patterns;
and
4. The RTP incentives motivating participant behavior are sanctioned by DWR and DWR pays the costs or receives the benefits of any net impacts on energy procurement costs.

II.B Computation of Real-Time Prices

An RTP tariff obviously requires an RTP signal to be operational. A price signal operating as an incentive to stimulate load reductions attempts to match the avoided cost of generation purchases that would be forgone by virtue of the load reductions stemming from an RTP tariff. Such a price includes both energy and ancillary service costs that have been avoided. It may also include

adjustments to account for the transmission and distribution losses that have been avoided by a customer-facility load reduction. It may be specific to a particular location or region if there are congestion costs that make generation more expensive in one location than another. It may also reflect an adjustment to reflect the value of the load reduction in moderating generation purchase costs for non-participants affected by participant load reductions. Finally, it may be adjusted to incent load reductions to minimize the need for involuntary rotating outages.

The time horizon over which the program is designed – day ahead, hour ahead, instantaneous – also affects the RTP values properly included within the estimation methodology. Since the RTP proposal submitted by the CEC operates as a Day Ahead RTP program, the values of the RTP signals are dominated by avoided Day Ahead energy costs and estimates of ancillary service (A/S) costs that have not yet been priced in the ISO A/S markets.

The CEC and DWR/CERS and ISO have held numerous discussions to develop a methodology to compute and post RTP values. A key concern of DWR/CERS is to avoid revealing Day Ahead wholesale energy purchase costs because to do so may be used by generators to modify their Day Ahead bidding strategies. The RTP values encompassed by the methodologies committed to by DWR/CERS, ISO and the CEC are not a precise computation of Day Ahead generation energy costs. They should not be for three reasons. First, to limit the RTP values to just Day Ahead energy would improperly fail to acknowledge avoided, but not well known A/S costs. Second, to do so would fail to

acknowledge the certainty of avoided transmission and distribution losses and the probability of transmission congestion costs affecting the value of load reductions in some specific locations and regions. Finally, to limit RTP values to actual Day Ahead energy purchase costs would fail to acknowledge the benefits of the load reductions on reducing energy procurement expenditures, both direct costs of the generation not purchased and the indirect benefits of price reductions in the energy that will continue to be purchased or rotating outages that will be foregone. Some portion of this indirect benefit is appropriately assigned to the participants in the RTP program.

A methodology that encompasses these complexities and therefore masks Day Ahead energy procurement prices has been developed by DWR/CERS, staff of the Electricity Oversight Board, and the CEC. It relies upon energy prices from publicly posted sources, so no new information is revealed to generators. It allows additional costs reductions from estimates of avoided A/S costs and avoided transmission congestion costs to increase the price in hours when these cost reductions can be expected. It allows for an “add factor” allocating a portion of non-participant benefits to participants.

To oversee the implementation of this methodology as well as the other aspects of implementing RTP, the Governor’s Office has organized an inter-agency RTP Committee chaired by CEC Commissioner Art Rosenfeld and including members from the CPUC, DWR/CERS and ISO. This Committee will provide a mechanism for ensuring some oversight, while protecting DWR/CERS needs for confidentiality and flexibility.

The RTP values will be computed each day from the trading operations affecting the subsequent trading day, much as the Day Ahead energy market now operates under DWR/CERS. They will be posted publicly on the DWR/CERS or ISO websites by 4 pm each day. Further, these RTP values are not merely indicators guiding the load reductions of those in the RTP tariff; they are the actual financial incentives that will be used in the computation of financial gains or losses affecting each individual RTP tariff participant. There will be no true up or adjustment between the values posted and the values used in settlement computations.

II.C DWR/CERS Financial Responsibility

The CEC's proposal places DWR/CERS as the entity financially responsible for the payment of incentive costs or receipt of charges from RTP tariff participants. Thus, neither gains nor losses from individual participants or the RTP tariff as a whole affect rates. Rather, as AB1 X created overall energy procurement revenue requirements for DWR/CERS, the proposed RTP tariff would incrementally affect these DWR/CERS revenue requirements as a consequence of the actions of the tariff participants.

Governor Executive Order D-36-01 enacted May 25, 2001 authorizes DWR/CERS's financial responsibility.

UDCs operate as a billing agent for this proposed RTP tariff just as they do for the DWR/CERS energy procurement costs authorized by AB1 X. This was authorized in Water Code Section 80106(b).

II.D Relationship to AB29 X RTP Metering Program

Possession of a qualified RTP metering system is a key eligibility requirement for this proposed RTP tariff. Such a metering system includes an interval meter, a method of electronic communication of usage data from the meter, and at least daily posting of hourly usage data on a Internet accessible website. This equipment allows the RTP tariff participant to have usage measured in the hourly protocol reflected in the financial computations of the proposed tariff, and allows some degree of usage monitoring so that the participant can gauge whether their actions are contribution to financial gains or losses.

AB29 X provides \$35 million to the CEC to fund installation of RTP metering systems for end-users in California >200 kW. The CEC anticipates that by October 2001, more than 22,000 RTP metering systems will have been deployed in all three UDC service areas and several additional municipal utility service areas. These new RTP metering systems funded by AB29 X provide the great majority of the RTP metering systems allowing end-users to participate in the proposed RTP tariff. However, there are already thousands, of advanced metering systems that may meet the proposed eligibility requirements for end-users who are former direct access customers or who may have participated in a UDC demand responsiveness program in the past.

Thus, the immediate population of end-users likely to participate are former direct access, former demand responsiveness program participants and

large users with interval meters⁵ that may be ready today to elect an RTP tariff. Over time, the AB29 X RTP metering program will deploy more RTP metering systems, and this source will ultimately dominate the potential programs participants, but end-users with qualified systems are ready and waiting to access this tariff.

The availability of these potential tariff participants, and the need for load reduction benefits as quickly as possible, is an important factor justifying expedited review and authorization by the CPUC.

III. PROPOSED REVIEW/ADOPTION PROCESS

The CEC proposes that this RTP tariff receives expedited review and authorization by the CPUC in order that a RTP tariff be available at the earliest possible date. We outline what elements we believe should be included within a CPUC decision or resolution authorizing an RTP tariff, and we suggest how the CPUC can direct UDCs to implement the tariff as quickly as possible once the CPUC approves a pro forma illustrative version.

III.A Prospective CPUC Decision

III.A.1 Adopt a pro forma RTP Tariff

The CEC suggests that the CPUC adopt a pro forma RTP tariff, perhaps starting with the proposed RTP tariff included here as Attachments A through A-3 and making limited changes. As a result of various discussions with UDCs, the

⁵ Until October 1, 2001, customers may choose to use RTP with only an interval meter and Internet access to posted day ahead hourly prices.

computational aspects of the proposed tariff – the reference loads and the actual RTP credits or charges – are already being implemented as billing system changes by one or more UDCs. Extensive changes by the CPUC in these two areas potentially lead to rework, additional programming costs, and delayed implementation dates.

III.A.2 Authorize UDCs to Act as Program Operator for DWR

The CEC suggests that it may be appropriate to explicitly authorize UDCs to act as the program operator for this RTP program on behalf of DWR/CERS. This step can clarify that there are no rate impacts on non-participants other than those likely to flow from reductions on overall DWR energy procurement revenue requirements. It can also clarify disposition and treatment of the monthly charge to tariff participants to cover UDC billing costs. If believed appropriate, the costs and revenues of these activities could be tracked in a memorandum account.

III.A.3 Direct UDCs to File Conforming Tariff as an Advice Letter

An adoption decision including a final pro forma tariff in generic terminology may require that the UDCs prepare and file conforming RTP tariffs that convert the pro forma version to one consistent with terminology and style of other UDC tariffs. Obviously, UDCs would not be authorized to make substantive changes in the preparation and filing of such a conforming tariff. Since UDCs have been exposed to versions of this tariff for several weeks, and we anticipate

that any changes made by the CPUC will be limited, we anticipate that UDCs could file such conforming tariffs within a matter of days.

III.B Review/Approval of UDC Advice Letters

As is customary in some situations in which UDCs have been asked to file conforming tariffs, we believe it is appropriate to have the Advice Letters conveying the conformed tariff language to the Energy Division for review take effect on the date filed. We anticipate that any later revisions directed by the Energy Division will be perfunctory and ministerial correcting inadvertent errors.

III.C Related Decisions the CPUC Must Make

The CPUC has two sets of related decisions it must make in order that the RTP tariff be fully effective. First, the CEC filed a petition to Modify D.01-05-064 on May 17, 2001 requesting changes in that decision to remove language suggesting that receipt of an RTP meter funded by the CEC's AB29 X program was voluntary, and if elected also meant that the customer would be shifted to a TOU tariff. Second, both SCE and PG&E have filed Advice Letters requesting establishment of memorandum accounts to track incremental expenditures on "real-time energy meters" above and beyond CEC AB 29X funding for possible future recovery.

III.C.1 Petition to Modify D.01-05-064

The language of D.01-05-064 has the effect of creating an option for which the end-user must be informed, provided time to evaluate, and potentially refuse the RTP meter. There is no statutory basis permitting the customer to have an option, and the CEC believes the CPUC should revise D.01-05-064 to expedite the AB29 X deployment process.

III.C.2 UDC RTEM Memorandum Accounts

SCE filed AL 1549-E on May 23, 2001 seeking to establish an memorandum account in which incremental expenditures and capital investment beyond funding from the CEC's AB29 X RTP metering program could be tracked for possible future recovery. SCE asserted that it cannot implement the CEC's RTP metering program without the possibility of recovery of its incremental costs. The CEC initially protested, but later withdrew its protest once SCE provided additional information about its proposed RTEM system and filed a revised AL 1549-E-A modifying their memorandum account to accede to CEC requests in its May 31, 2001 protest. This matter was scheduled for the CPUC's June 14, 2001 decision conference, but was later held over.

We urge the CPUC to authorize SCE's revised memorandum account proposal as filed in AL 1540-E-A. SCE is in danger of not obtaining all of the funding it might otherwise obtain from the CEC's AB29 X funding, and its meter deployment schedule is slipping on a day for day basis.

IV. CONCLUSION

The CEC urges the CPUC to review and authorize this RTP tariff on an expedited basis. We believe the proposed RTP tariff conforms to the conceptual approval for such a tariff included in D.01-05-064, and that the specific tariff we propose is a workable first generation tariff. The CEC used a process to develop this proposal that relied upon both formal and informal discussions with all of the relevant stakeholders.

There are numerous ways in which further options and embellishments could be added, but that would clearly be a case in which “the perfect was the enemy of the good.” This methodology is based on a methodology that has been successfully implemented by Georgia Power for eight years and has achieved up to a 17% reduction in peak demand for 1,6000 commercial and industrial customers. Over 20 other utilities around the country have similar RTP rates.

We believe this is a good proposal for an RTP tariff and we commend it to the CPUC for immediate adoption. We fully support review of this RTP tariff and its improvement through a more normal tariff development process for year 2002 and beyond.

For the foregoing reasons, the CEC urges the Commission to grant this emergency petition for modification by its June 28, 2001 meeting, requiring comments from parties on this petition by June 26. This expedited schedule is in keeping with the urgent nature of this proceeding and the urgent need to have

every mechanism in place that will save this state from the collapse of the electric system.

Respectfully submitted

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Attachments

Attachment A	Pro Forma Real Time Pricing Supplemental Tariff
Attachment A-1	UDCs' Special agreement for Real-Time Pricing Tariff
Attachment A-2	Customer Baseline Loads
Attachment A-3	Real Time Pricing High-Reliability Option Agreement

**PRO FORMA
REAL TIME PRICING SUPPLEMENTAL TARIFF**

This Real-Time Pricing (RTP) Supplemental Tariff provides an financial inducement for an eligible customer to modify loads relative to an agreed upon baseline in response to a day ahead incentive value tied to the Department of Water Resources/California Electricity Resource Scheduler (DWR/CERS) energy procurement functions. This is a voluntary, supplement to the base tariff and participation in this supplement makes no change to the base tariff. The effective date for this tariff supplement is July 1, 2001. The supplemental tariff takes effect when an Agreement for RTP Supplemental Tariff is signed by the customer and the Company.

1. ELIGIBILITY:

Available to any bundled service, non-residential customer: (1) with an RTP metering system as specified in Section 2, (2) willing to agree to a Customer Baseline Load as specified in Section 3, and (3) not ineligible due to participation in other Demand Response programs or unwilling to conform to the adjustments for participation in multiple programs as discussed in Section 11C.

2. RTP METERING REQUIREMENTS:

Customers must have an approved RTP metering system to participate in this Supplemental Tariff.

A. RTP METERING SYSTEM

An RTP metering system is composed of the following elements: (1) an interval meter capable of registering energy consumption in 15 minute increments, (2) a communication system that uploads usage data from the meter to a central computer for data processing, and (3) a means of communicating RTP values and hourly usage to the customer in a form that enables monitoring usage relative to the Customer Baseline Load. An approved RTP metering system conforms to all standards described below. An approved RTP metering system is a precondition for this RTP supplemental tariff.

B. EQUIPMENT STANDARDS

The interval meter must comply with CPUC direct access metering requirements.

C. DATA PROCESSING STANDARDS

The MDMA activities associated with the interval data must comply with CPUC direct access MDMA standards.

D. USAGE DATA ACCESS STANDARDS

Customers participating in the RTP Supplemental tariff will be provided access to their own energy consumption usage data for the 24 hourly periods of the previous day and the associated CBL for that day through a password-protected Internet website. At their own expense, Customers must have a personal computer, access to the Internet through a service provider, and Internet browser software capable of accessing a secure website.

3. CUSTOMER BASELINE LOAD:

The customer baseline load (CBL) is the customer-specific basis for computing RTP credits or charges in each hour. Once the final CBL is established it remains the same as long as the customer participates on this tariff supplement. A CBL is prepared in two steps: a raw CBL prepared directly from hourly usage history, and a final CBL computed by scaling the raw CBL using overall energy usage data. The raw CBL is developed in several alternative ways depending upon the availability of interval metering data for the customer. Whenever interval data exists from a revenue quality meter it must be used to determine the raw CBL with appropriate adjustments to compute the final CBL as described in Section 3.D. Agreement on the CBL is a precondition for this RTP Supplemental Tariff.

A. FULL 13 MONTHS OF INTERVAL DATA USAGE HISTORY

For customers with at least 13 months of continuous interval meter usage history, the raw CBL will be determined for each of three categories of days – weekdays, Saturdays, and Sunday/Holidays. If fewer than one-third of the nominal days for each day type are usable in any one month due to exclusions or missing data problems, then the closest day of the appropriate day type from neighboring months (e.g., July, 2000 and August, 2000 for June, 2000) shall be used until data corresponding to one-third of the nominal days is available.

(1) An average weekday load for each of the 24 hours of the day for each month will be determined as the average of all available weekday values from the same month, e.g. if there are 20 weekdays in June 2000 then the weekday value for hour 1300 for June 2001 is the average of the 20 hour 1300 loads in June 2000. To the extent that any weekday was a national holiday or a day in which the Applicant was paid to reduce load or was subject to a rotating outage, such days shall be omitted from the computations for all RTP participants.

(2) An average Saturday load for each of the 24 hours of the day will be determined as the average of all available Saturday values from the same month, e.g. if there are 4 Saturdays in June 2000 then the Saturday value for hour 1500 is the average of the 4 hour 1500 loads in June 2000. To the extent any Saturday was a national holiday or a day in which the Applicant was paid to reduce load or was subject to a rotating outage, such days shall be omitted from the computations.

(3) An average Sunday and holiday load for each of the 24 hours of the day will be determined as the average of all available Sunday and holiday values from the same month, e.g. if there are 4 Sundays in June 2000 then the Sunday value for hour 1500 is the average of the 4 hour 1500 loads in June 2000. To the extent any Sunday was a day in which the Applicant was paid to reduce load or was subject to a rotating outage, such days shall be omitted from the computations.

B. USAGE HISTORY WITH NO INTERVAL DATA AVAILABLE

For existing customers with continuous energy consumption usage since January 2000, but no interval meter usage history, then monthly billing determinant data may be used on a temporary basis as defined in section 3E. The energy consumption data shall be expanded to a synthetic interval meter usage history using the Company's Statistical Load Profiles applicable to the Customer's base tariff. For a customer on a Time-of-Use rate, the customer's historic energy usage for each monthly TOU period shall be used to scale the appropriate Statistical Load Profile for the applicable hours in the TOU period. For a customer not on a Time-of-Use rate, the customer's total monthly energy usage shall be used to scale the appropriate Statistical Load Profile. This synthetic usage history shall be processed to represent the raw CBL for each of three day types as described in Section 3A.

C. USAGE HISTORY WITH PARTIAL INTERVAL DATA AVAILABLE

For existing customers with continuous energy consumption history usage since January 2000, but with a mixture of interval meter data and aggregate consumption data within the past year shall may use a non-standard CBL as permitted by Section 3E. For billing intervals in which only cumulative consumption usage data is available, then the method of Section 3B shall be used. For billing intervals in which interval usage data are available, then the method of Section 3A shall be used.

D. PREPARATION OF FINAL CBL

In the standard process, the raw CBL developed under A, B, or C above shall be adjusted up or down based on the ratio of the Customer's cumulative energy consumption for the billing months January - May in 2001 divided by the same

billing months in 2000. The single ratio value is multiplied against the raw CBL for each hourly value to obtain a final CBL for each hour for each of the three day types. For those customers who are on Time-of-Use rates continuously from January 2000 through May 2001, a separate ratio shall be computed and applied to the hourly raw CBL values for each distinct Time-of-Use time period for each day type.

E. OPPORTUNITIES FOR NON-STANDARD CBL

Customers whose usage history does not satisfy the requirements of Sections 3A, 3B, or 3C or who do not believe the final CBL of Section 3D is appropriate may request a non-standard CBL under the following circumstances.

(1) No customer may participate in the RTP Supplemental Tariff unless they have at least two months of usage history. Customers new to the Company's service area must wait until they have satisfied this requirement, and then develop a non-standard CBL as described by Section 3E(3).

(2) Customers without 13 months of interval usage history may use the methods described in Section 3B or 3C until they have 13 months of interval usage history. At that time they must convert to a final CBL based on their own usage history or be terminated from the RTP Supplemental Tariff.

(3) If customers believe their circumstances warrant a non-standard CBL, they may request a customized CBL. Customers seeking an upward adjustment to their CBL shall provide documentary proof of additional production capacity, onsite substation capacity increases, extraordinary sensitivity of electrical usage to weather lost in the averaging technique of the standard CBL, energy efficiency investments or other "hard" evidence of permanent electricity load increases can be furnished and translated into increased levels of electric load supplied through the grid. Customers seeking a downward adjustment of their CBL must provide documentary evidence of the removal of production equipment and a numeric calculation of the impacts on facility electricity consumption. The burden is on the customer to provide satisfactory evidence that the standard CBL is inappropriate to represent the customer's expected load pattern. The Company shall use guidelines established by DWR/CERS in agreeing to any non-standard CBL.

F. CONTINUITY OF CUSTOMER OPERATIONS

A permanent CBL based on historic data presumes continuity of customer operations at the general level of the period from which the CBL was computed. Company has the right to reduce the CBL or terminate the Applicant from the RTP

supplemental Tariff on evidence that Applicant has ceased operations or drastically downscaled customer operations at the facility.

4. APPLICATION AND ELIGIBILITY DETERMINATION PROCESS

A. APPLICATION PROCESS

Customers wishing to participate in this RTP Supplemental Tariff shall apply to the Company and furnish evidence that they satisfy Section 2 requirements. The Company shall process applications, compute standard customer baseline loads according to the requirements of Section 3A through 3D, and provide these standard CBL values along with a RTP Tariff Agreement to the customer within 15 days of the date of the application. The RTP Tariff shall take effect no later than five business days after the RTP Tariff Agreement is executed.

B. TEMPORARY ELIGIBILITY OPTION

Through October 1, 2001, customers desiring to accelerate their participation in this program have the right to participate for a 90 day period without the communication equipment described in Section 2A. Under no circumstances may a customer participate without an interval meter that satisfies requirements of Section 2B.

5. REVENUE AND PRICING RESPONSIBILITY

A. REVENUE RESPONSIBILITY

All charges and credits pertaining to participating customers are the responsibility of the Department of Water Resources California Energy Resource Scheduler (DWR/CERS) pursuant to Executive Order No. D-36-01 and Water Code § 80106(b). The Company operates as a billing agent for the retail arrangement between DWR/CERS and the customer.

B. PRICING METHODOLOGY

RTP incentive values are determined for each hour of the day using a methodology that uses short run energy procurement costs, ISO imbalance energy costs, ISO ancillary services costs, and the value of demand reductions to reduce aggregate energy procurement costs for bundled service customers.

(1) DWR/ISO shall prepare an hourly series of RTP incentive values. These values may be differentiated by geographic areas consistent with congestion zones defined by the ISO. These values may also vary by the voltage level at which the customer receives power reflecting different levels of transmission and distribution losses.

(2) The RTP incentive values posted by DWR/ISO shall be the basis for the financial credits/charges described in Section 9A.

6. TERM OF CONTRACT:

Service hereunder shall be for a period of not less than six months, unless customers choose to discontinue the rate after a two month trial period.

7. REVENUE NEUTRALITY:

The customer's bill under RTP would match his bill under the Company's conventional base non-RTP tariffs assuming the customer does not change from its CBL pattern of electricity usage. The bill of a customer participating in this RTP Supplemental Tariff will vary from his bill under his base tariff bill to the extent that his usage pattern in that billing interval varies from the CBL established for that billing interval.

8. STANDARD BILL:

The Standard Bill is calculated by applying the appropriate measured values for the billing determinants for the base tariff rate design for each billing interval. Electing this RTP Supplemental Tariff makes no changes in the Standard Bill.

9. BILL DETERMINATION FOR RTP SUPPLEMENTAL TARIFF PARTICIPANTS:

A. RTP TARIFF CALCULATIONS

The Company's bill for participants in this RTP Supplemental Tariff is rendered after each monthly billing period and consists of the standard charges according to the base tariff and a charge (or credit) for actual energy usage deviations from the customer's final CBL in each hour times the difference between standard tariff energy charges and hourly RTP prices applicable to the billing period.

The monthly bill is calculated using the following formula:

Bill for RTP Participant = Standard Charges + RTP Supplement

RTP Supplement = {[Price Hr – Tariff Hr]x[Load Hr – CBL Hr]}

Where:

Standard Charges	= Customer's bill for the billing period as defined by the base tariff applicable to the customer
RTP Supplement	= Charge (or credit) under this RTP Supplemental Tariff computed over the days of the billing period
	= Sum over all hours of the billing period
Price Hr.	= Hourly RTP prices for energy as posted in advance of the hour of consumption by the DWR/ISO
Tariff Hr	= Generation energy charge under the base tariff for the relevant hour
Load Hr.	= Customer's actual load in an hour
CBL Hr.	= Customer Baseline Load on an hourly basis as determined by Section 3D (and modified by Section 3E or 11C)

B. RTP SUPPLEMENTAL TARIFF INVOICING

The Company may determine whether charges for this Supplemental Tariff appear on the bundled service customer bill or on a separate invoice.

C. CUSTOMER ACCESS TO RTP CALCULATIONS

Participants in this RTP Supplemental Tariff will receive hourly interval usage data (billing ready data processed using VEE procedures) and hourly RTP calculations as a computer readable data file following each monthly bill.

D. TEMPORARY CONSERVATION INCENTIVE

Due to the utmost emphasis on energy conservation to the State in 2001, a special conservation incentive shall be in effect through the last hour of December 31, 2001. In each hour in which actual load is below the CBL pertinent to that hour, then the formula in Section 9A for computing credits shall use for the variable Price Hr the higher of: (1) the RTP value posted according to Section 5B(2), or (2) the generation energy charge appropriate to the customer's base tariff for that hour.

10. ADMINISTRATIVE CHARGES and FEES:

An Administrative Charge of \$50 per meter per month is required to cover billing and administrative costs. An processing fee of \$200 is required when the Applicant proposes a non-standard CBL. The Company may elect to offer additional value-added information services on a fee-for-service basis, which the customer is free to accept or decline, with no impact on the formula for credits/charges in Section 9A.

11. SPECIAL PROVISIONS:

A. MODIFICATION TO THE STANDARD BILL

Whenever a change to the applicable base tariff is approved by the California Public Utilities Commission, the RTP Supplemental Tariff participant's Standard Bill will be calculated using the pertinent rate calculations.

B. PRICE NOTIFICATION AND RESPONSIBILITY

In this Supplemental Tariff, the RTP prices described in Section 9A are prepared and posted by DWR/CERS and/or ISO in the form of day ahead, hourly incentive values.

(1) DWR/CERS and/or ISO will compute day ahead, hourly incentive values for each hour of the following day and make these available to customers by 4:00 p.m. of the preceding day via the DWR/CERS and/or ISO Internet website. When possible, DWR/CERS and/or ISO will make available these values for Saturday through Monday on the previous Friday.

(2) The Company will provide an Internet link to day ahead, hourly RTP values posted by CDWR and/or ISO.

(3) The Company is not responsible for a customer's failure to receive and act upon the hourly RTP values.

11C. PERMISSIBLE PARTICIPATION IN DEMAND RESPONSE PROGRAMS

Customers on this RTP Supplemental Tariff may participate in other Demand Response programs for which a method has been developed to prevent double counting of demand reduction savings. Specific participation methods have been established for the following programs:

(1) For an interruptible rate participant, the Firm Service Level shall be used as the CBL for RTP during hours that interruptions have been requested for that customer.

(2) For an Optional Binding Mandatory Curtailment (OBMC) participant, the CBL for RTP during hours of OBMC curtailment shall

equal the CBL minus the percentage load reduction requested by the Company.

(3) For a participant in other load curtailment programs, this RTP Supplemental Tariff will be inoperative during the hours of requested curtailment. No credits or charges, normally described in Section 9A, will be determined in such hours.

11D. AUTHORIZATION FOR USE OF INTERVAL METER DATA

By signing the Customer Agreement, participants in this tariff authorize the use of their interval meter data by DWR/CERS and the California Energy Commission in assessing the load reductions of RTP tariff participants, which is essential to the effective use of this tariff to reduce total energy procurement costs for bundled service customers. The Customer Agreement authorizes release of such data from the Company under the condition that agencies receiving such data use their data confidentiality regulations to prevent public disclosure of individual customer data to the extent allowable by law.

12. RTP HIGH RELIABILITY OPTION PILOT PROGRAM:

On distribution circuits for which at least 70 percent of the energy consumption for the summer months of June through September is from customers who have joined this RTP Supplemental Tariff, the customers may elect to implement an optional high reliability option (HRO) RTP Pilot program. On HRO, customers agree to reduce demand in lieu of being included in the utility's Rotating Outage (RO) block progression. Such customers will be required to reduce demand each and every notice from the Company that the ISO needs firm load curtailment within the utility service area due to system adequacy problems or that the Company needs firm load curtailment to resolve local shortages.

The HRO Pilot program is limited to five percent of the circuits in the company's service territory.

A. ELEMENTS OF THE HIGH RELIABILITY OPTION RTP

The following elements are included within this high reliability option:

(1) The Company will compute a circuit energy consumption ratio (CECR), which is the sum of the June to September energy consumption of the RTP Tariff participants divided by the total June to September energy consumption of the entire distribution circuit.

(2) Whenever the ISO or Company calls for firm load curtailment of:

5 percent or less, HRO participants will provide a reduction of the entire circuit load equal to 5 percent divided by CECR;
5-10%, HRO participants will provide a reduction of the entire circuit load equal to 10 percent divided by CECR;
10-15%, HRO participants will provide a reduction of the entire circuit load equal to 15 percent divided by CECR.

(3) The reductions will go into effect within 15 minutes.

(4) During these curtailment requests, each HRO participant's CBL will be reduced from its standard level by the percentage reduction described in 12A(2).

12B. SURCHARGES

Any energy usage during the hours of a declared reliability event exceeding the reduced CBL level during these curtailment requests, as defined in Section 12A(4) above, shall be charged a reliability surcharge of \$5.00 per kWh in addition to the applicable RTP incentive value for that hour.

12C. HRO RTP PLAN

Any RTP participants requesting service under this HRO shall file a RTP HRO Plan with the utility, which will be considered as a part of the contractual Agreement. Such plans shall contain a lead customer contact, and demonstrate that the lead customer has arranged for the mutual actions of other RTP participants in the HRO Plan.

**UDC'S
SPECIAL AGREEMENT FOR REAL-TIME PRICING TARIFF**

_____, a(n) _____,
(Applicant), and Company, a California Corporation (the Company), hereby agree to the following supplemental terms and conditions.

1. Eligibility Determination: The Applicant must be a non-residential, bundled service customer and receive service under a non-residential tariff within the Company's service territory. Further eligibility requirements are specified in the RTP Supplemental tariff, and Applicant agrees to provide any information company requests in making an eligibility determination.

2. RTP Supplemental Tariff Financial Impacts: Applicant acknowledges that participation in this RTP Supplemental Tariff creates opportunities for financial gains or losses. Applicant agrees to be responsible for payment of any net costs of participation to DWR/CERS through the Company as a billing agent of DWR/CERS. Correspondingly, Company agrees to provide credits to the DWR/CERS portion of the Applicant's energy procurement costs acting as a billing agent of DWR/CERS.

3. Customer Baseline Load: Applicant agrees that the Customer Baseline Load (CBL) attached to this agreement shall be the basis for computation of financial impacts.

4. Release of Energy Consumption Usage Data: Applicant agrees that final CBL values and actual measured interval energy consumption data starting with the date of commencement through the date of termination of this Agreement shall be provided to DWR/CERS and California Energy Commission (CEC) for use in estimating the magnitude of impacts resulting from this tariff and its operational use in lieu of generation market purchases. DWR/CERS shall use their standard data confidentiality regulations to prevent public disclosure of individual customer data.

5. Term: Applicant agrees to participate in this tariff option for a minimum of six months beginning with the date of commencement of this Agreement, unless Applicant chooses to discontinue participation in this tariff after a two-month trial period.

6. Indemnification: The Applicants shall indemnify and hold harmless the Company against any and all claims or liabilities for losses, expenses, damage to property, injury to or death of any person or any other liability incurred by the Company, including reasonable expenses, legal and otherwise, caused wholly or in part by this program. This indemnification shall only be inapplicable where the loss, damage, injury, or expense arises out of the sole negligence or willful misconduct of the Company.

Executed this ____ day of _____, 200_.

Applicant

Company

By: _____
Signature

By: _____
Signature

(Type or print name)

(Type or print name)

Title:_____

Title:_____

ATTACHMENT A-2

Customer Baseline Loads

Customer Baseline Loads (CBL) are determined using one of several methods described in the RTP Supplemental Tariff. The Applicant and Company have examined historic load data and have used the method checked below in determining the CBL.

☐ Standard CBL Method, which is applicable for the duration of this Agreement.

☐ Temporary CBL Method, which is applicable for a limited period of time as specified in the RTP Supplemental Tariff.

☐ Non-Standard CBL Method, which is applicable for the duration of this Agreement.

The following values and/or formulas for CBL agreed to by the Applicant and the Company, and these will form the basis for computation of financial gains or losses.

Executed this ____ day of _____, 200__.

Applicant

Company

By: _____
Signature

By: _____
Signature

(Type or print name)

(Type or print name)

Title: _____

Title: _____

**Real-Time Pricing
High Reliability Option Agreement**

The following customers agree to take service under the Real-Time Pricing Reliability Option of the Real-Time Pricing Supplemental Agreement tariff. It is our belief that we comprise at least 70% of the load on our circuit. We also agree that the Lead Contact can be our representative to the Company on these matters. However, we understand the utility will notify each of us individually any time the utility requests a reliability reduction. We also understand that any Real-Time Prices, including reliability surcharges, will apply to us individually.

We agree to be on this Plan for a minimum of one year, which may be extended from year to year, after annual review, with the written approval of the Company. However, the Applicants individually or the Company may terminate participation in this Plan upon thirty (30) days written notice prior to the end of this agreement term.

The Applicants shall indemnify and hold harmless the Company against any and all claims or liabilities for losses, expenses, damage to property, injury to or death of any person or any other liability incurred by the Company, including reasonable expenses, legal and otherwise, caused wholly or in part by this program. The Applicants understand this program is not a guarantee against Applicants being subject to a rotating outage. Daily and emergency switching may cause the circuit to become subject to rotating outages. Applicants may not receive advance notice from the Company of such a rotating outage. Additionally, this Plan is applicable only to electrical emergencies requiring a rotating outage and it does not prevent Applicants from being subject to outages caused by other load shedding schemes. The Company will make reasonable efforts to notify Applicants of circuit changes other than short-term or emergency circuit changes. Pursuant to Electric Rule 14, the Company does not guarantee continuity or sufficiency of supply and will not be liable for interruption or shortage or insufficiency of supply. This indemnification shall only be inapplicable where the loss, damage, injury, or expense arises out of the sole negligence or willful misconduct of the Company.

1. Lead Contact Information:

Name of customer: _____

Utility Account number: _____

Service address: _____

Mailing address: _____

E-mail address: _____

Contact information (Note: contact must have backup coverage plans to ensure continuous ability to be contacted at the numbers listed below):

- Name of primary contact: _____

- Primary contact telephone number: _____
- Alpha-numeric pager address: _____
- Facsimile number: _____
- Name of secondary contact: _____
- Secondary contact number: _____
- Alpha-numeric pager address: _____

Name of customer #2: _____

Utility Account number: _____

Service address: _____

Mailing address: _____

E-mail address: _____

Contact information:

- Name of primary contact: _____
- Primary contact telephone number: _____
- Alpha-numeric pager address: _____
- Facsimile number: _____

Name of customer #3: _____

Utility Account number: _____

Service address: _____

Mailing address: _____

E-mail address: _____

Contact information:

- Name of primary contact: _____
- Primary contact telephone number: _____
- Alpha-numeric pager address: _____
- Facsimile number: _____

Executed this ____ day of _____, 200_.

Lead Customer

Company

By: _____
Signature

By: _____
Signature

(Type or print name)

(Type or print name)

Title: _____

Title: _____

Customer # 2

By: _____
Signature

(Type or print name)

Title: _____

Customer # 3

By: _____
Signature

(Type or print name)

Title: _____